

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: June 28, 2002

SUBJECT: Revised Fiscal Impact Statement (Revised): “Urban Forest
Preservation Act of 2002”

REFERENCE: Bill Number 14-307 as Marked-Up

Conclusion

There would be no fiscal impact for Titles I, II, III and V of the proposed legislation; funds are sufficient in the District’s FY 2003 through FY 2006 budget and financial plan for Titles I, II, III and V. The cost of the proposed tax deduction for tree planting in Title IV cannot currently be quantified; however, it is expected that the costs would not be significant.

Background

The purpose of the proposed legislation is to establish an urban forest preservation program within the District of Columbia. The Urban Forestry Division within the District Department of Transportation (DDOT) would be responsible for overseeing this program by administering a Tree Fund, protecting existing trees, planting new trees and drafting an Urban Forestry Standards Manual. A seven-member Tree Advisory Board appointed by the Mayor with the advice and consent of the Council would advise the Mayor on the District’s urban forest.

This bill also establishes a Tree Fund that will provide markers for exceptional trees, plant new trees and cover all related costs incurred by DDOT and the Department of Consumer and Regulatory Affairs (DCRA) in administering this act. The Tree Fund will be funded by donations and fees collected pursuant to this bill. Finally, this Act would establish a District income and franchise tax deduction for planting new trees.

Financial Plan Impact

The Urban Forest Preservation Act would designate a Tree Fund - a dedicated "O"-type and "P"-type (private donation) fund - that is non-lapsing and non-reverting. This fund would be separate from the District of Columbia's local General Fund revenue as a sub-fund in the Highway Trust Fund's local road transportation fund. The Tree Fund would be used solely for planting trees on public property, to provide markers for "exceptional trees" and to cover all related costs incurred by DDOT and DCRA in administering this act.

The Tree Fund would generate revenue through private donations and Reforestation Fees. The Reforestation Fee is a fee, based upon the amount of square feet of land disturbed and construction, levied for all exterior construction activities requiring an erosion and sediment control plan or a stormwater management plan. The amount of the Reforestation fee will be established via regulation, but should be set at a level to sustain the activities set forth in this act. It is estimated that the Tree fund would need to collect at least \$600,000 in fees and donations, per annum, in order to cover expenses.

Please note that the "P"-type private donations to the Tree Fund are wholly separate from the \$50 million endowment from the Casey Tree Foundation, which will be administered as a public/private partnership between the Government of the District of Columbia, the Garden Club of America and the Casey Tree Foundation.

The Urban Forestry Division's (UFD) existing budget is sufficient to absorb the administrative costs of creating the Urban Forestry Standards Manual and the activities of the Tree Advisory Board. Finally, this bill would establish a District income and franchise tax deduction for planting new trees (Title IV). The deduction would cover expenses up to \$300 per tree planting. The cost of the proposed tax deduction for tree planting cannot currently be quantified; however, it is expected that the costs would not be significant. This tax deduction may be difficult to administer because there are no requirements for documentation that coincide with District tax operations and systems.